Supreme Court, U.S.
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No. 10-604

IN THE

Supreme Court of the United States

VICTOR MOSELEY AND CATHY MOSELEY
D/B/A VICTOR'S SECRET, VICTOR'S LITTLE SECRET,

Petitioners,

v.

V SECRET CATALOGUE, INC.,
VICTORIA'S SECRET STORES, INC., AND
VICTORIA'S SECRET CATALOGUE, INC.,

Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

BRIEF IN OPPOSITION

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CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 29.6 of the Rules of this Court, Victoria's Secret Stores Brand Management, Inc., as the successor in interest to respondents V Secret Catalogue, Inc., Victoria's Secret Stores, Inc., and Victoria's Secret Catalogue, Inc., states that it is a wholly owned subsidiary of a publicly held corporation, Limited Brands, Inc., and that no other publicly held corporation owns 10% or more of its stock.

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INTRODUCTION

Petitioners assert that this case "ended" when they prevailed in this Court in the first round of this litigation, and that the lower courts, acting out of "complete bias," thereafter wrongfully snatched away their victory. That assertion is incorrect and unfair. While this case was pending on remand from this Court, Congress amended the statutory language at issue here, and the lower courts simply applied the new statutory language to assess the propriety of prospective injunctive relief—as they are not only authorized but required to do.

Petitioners' efforts to conjure up a circuit conflict on the meaning of the new statute are equally unavailing. The Sixth Circuit simply recognized the commonsense (and long-established) principle that the association of a famous mark with sex-related products establishes a likelihood of dilution by tarnishment. Because the cases from other circuits on which petitioners rely do not involve sex-related products, there is no conflict—and even the dissenting opinion below did not suggest otherwise.

In essence, petitioners are seeking to refight a battle they lost in Congress, which amended the governing law while this case was pending on remand from this Court. It is simply not true, as petitioners assert, that "there is no evidence that Congress intended to overrule" this Court's decision in the first round of this litigation; to the contrary, there is ample evidence, including the new statutory language itself and the voluminous legislative history, that Congress intended exactly that. Accordingly, the Court should decline petitioners' invitation to interpret a relatively new statute that

the lower courts thus far have applied with consistency—especially in a case with a procedural history as unusual as this one, where petitioners do not even concede that the new statute applies in the first place.

RELEVANT STATUTORY PROVISIONS

The Lanham Act, as amended by the Trademark Dilution Revision Act of 2006, now provides in relevant part:

> Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

15 U.S.C. § 1125(c)(1).

When this case was previously before this Court, the Lanham Act, as amended by the Federal Trademark Dilution Act of 1995, provided in relevant part:

> The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after

> the mark has become famous and causes dilution of the distinctive quality of the mark
> ....

15 U.S.C. § 1125(c)(1) (1995).

COUNTERSTATEMENT OF THE CASE

A. Factual Background

Respondents are related companies that own and use the famous VICTORIA'S SECRET trademark for a chain of stores selling high-quality women's lingerie. Pet. App. 3a, 32-33a. Respondents cultivate a "sexy and playful" image, and "scrupulously avoid[]" crossing the line into "sexually explicit" territory "in order to preserve [that] image." Pet. App. 64-65a.

In 1998, respondents learned that petitioners had opened a retail store called "Victor's Secret" in Elizabethtown, Kentucky, near Louisville. Pet. App. 3a, 32a. The store sold "sexually explicit" merchandise, including "sex toys and adult videos." Pet. App. 3a, 64-65a. Respondents promptly contacted petitioners, stating, among other things, that the store's name was likely to dilute the VICTORIA'S SECRET mark. In response, petitioners renamed the store "Victor's Little Secret." Pet. App. 33a. The word "Little" was "substantially smaller" than the other two words, "so much as to make it an afterthought in the advertising." Pet. App. 52a.

B. Procedural History

After the parties were unable to resolve their ongoing differences over the name of petitioners' store, respondents brought this lawsuit alleging, among other things, a violation of the then-new

Federal Trademark Dilution Act of 1995 (FTDA), Pub. L. No. 104-98, 109 Stat. 985. In particular, respondents alleged that they were entitled to an injunction because petitioners' conduct "causes dilution of the distinctive quality" of the famous VICTORIA'S SECRET mark in violation of the FTDA, 15 U.S.C. § 1125(c)(1).

The district court (Simpson, C.J., W.D. Ky.) granted summary judgment to respondents on their dilution claim, and entered an injunction barring petitioners from calling their store "Victor's Secret" or "Victor's Little Secret." Pet. App. 3a, 34a. Since that time, the store has operated under the name "Cathy's Little Secret." Pet. App. 3-4a, 32a n.2.

The Sixth Circuit affirmed, holding that the FTDA "allow[s] inference of likely harm to the senior mark instead of requiring actual proof," and that this case presents "a classic instance of dilution by tarnishing (associating the Victoria's Secret name with sex toys and lewd coffee mugs)." *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 476-77 (6th Cir. 2001). In so holding, the Sixth Circuit expressly rejected the Fourth Circuit's conclusion that an FTDA plaintiff must prove "actual economic harm" to a famous mark to prevail. *See id.* at 472-76 (rejecting *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev't*, 170 F.3d 449, 461 (4th Cir. 1999)).

This Court granted certiorari to resolve the conflict, and reversed the Sixth Circuit. *See Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003). In particular, this Court held that the FTDA's text "unambiguously requires a showing of *actual* dilution, rather than a *likelihood* of dilution," *id.* at

433 (emphasis added), and that under this standard "the evidence in the present record is not sufficient to support the summary judgment on the dilution count," *id.* at 434. The Court acknowledged that its interpretation of the statute could give rise to substantial "difficulties of proof" for dilution plaintiffs, but stated that such difficulties "are not an acceptable reason for dispensing with proof of an essential element of a statutory violation." *Id.* This Court reversed the judgment and remanded the case "for further proceedings consistent with this opinion." *Id.*

Justice Kennedy concurred to emphasize that "[t]he Court's opinion does not foreclose injunctive relief if respondents on remand present sufficient evidence of either blurring or tarnishment." *Id.* at 436 (concurring opinion); *see also id.* at 435 ("I agree with the Court that the evidentiary showing required by the Court can be clarified on remand.").

Although this Court promptly remanded the case, the Sixth Circuit did not issue a mandate returning the case to the district court for more than four years, until July 2007. The court of appeals never explained this delay, and the district court refused to speculate on this score. *See* Pet. App. 35-36a n.5.

While the case remained on the Sixth Circuit's docket, Congress enacted the Trademark Dilution Revision Act of 2006 (TDRA), Pub. L. No. 109-312, 120 Stat. 1730, which amended the FTDA. Most significantly, the new statute abrogated this Court's decision in the first round of this litigation by expressly authorizing the owner of a famous mark to obtain an injunction against the mark of a junior user "that is *likely* to cause dilution by blurring or

dilution by tarnishment of the famous mark." 15 U.S.C. § 1125(c)(1) (emphasis added). Thus, by the time the Sixth Circuit remanded the case to the district court, Congress had amended the statute. One other notable development was respondents' withdrawal, by stipulation, of all claims for monetary relief, thereby leaving an injunction as the sole remedy. Pet. App. 37a.

In a lengthy and thorough opinion, the district court on remand applied the TDRA and granted summary judgment to respondents. *Id.* at 31-65a. As a threshold matter, the court rejected petitioners' arguments that application of the new statute to assess the propriety of prospective injunctive relief would (1) be impermissibly "retroactive," *id.* at 37-39a, (2) violate the law-of-the-case doctrine, *id.* at 39-41a, and (3) contravene this Court's decision and "findings" in the first round of this litigation, *id.* at 41-43a. On the merits, the court held that respondents had not established a likelihood of dilution by blurring, *id.* at 51-63a, but had established a likelihood of dilution by tarnishment, *id.* at 63-65a.

Following petitioners' appeal, a panel of the Sixth Circuit (entirely different from the panel that had decided the case in the first round of litigation) affirmed. *See id.* at 1-28a. Like the district court, the Sixth Circuit had little trouble dispensing with petitioners' arguments that the application of the new statute in this case would be impermissibly retroactive and would violate the law-of-the-case doctrine. *See id.* at 14-16a. The court held that respondents had established a likelihood of dilution by tarnishment by showing that petitioners

associated a famous mark with the sale of "lewd" and explicit sex-related merchandise. *See id.* at 10-14a. In particular, the court noted "a clearly emerging consensus in the case law" that the unauthorized association of a famous mark with lewd sexual content defiles the famous mark, which, in turn, diminishes its commercial value and goodwill. *See id.* at 10a. The court noted that "[t]here have been at least eight federal cases in six jurisdictions that conclude that a famous mark is tarnished when its mark is semantically associated with a new mark that is used to sell sex-related products," *id.* at 11a (citing cases), and "[w]e find no exceptions in the case law that allow such a new mark associated with sex to stand," *id.* The court synthesized the law "to create a kind of rebuttable presumption, or at least a very strong inference, that a new mark used to sell sex-related products is likely to tarnish a famous mark if there is a clear semantic association between the two." *Id.* at 12a. Judge Gibbons concurred to raise the "small quibble" that she preferred to use the term "inference" rather than "rebuttable presumption" in this context, but otherwise agreed with the ruling. *Id.* at 17a. Judge Moore dissented, concluding that the evidence in this case was insufficient to establish a likelihood of dilution by tarnishment. *See id.* at 19-28a.

Petitioners sought rehearing *en banc*, but no judge requested a vote on the petition, and the panel concluded that its opinion had fully considered all the issues raised in the petition. *See id.* at 68-69a. Petitioners now seek relief from this Court.

REASON FOR DENYING THE WRIT

The Decision Below Does Not Warrant This Court's Review.

Petitioners advance a plethora of arguments why this Court should grant review, but those arguments basically fall into two categories: (1) the Sixth Circuit erred by holding that the TDRA governs this case, and (2) even if the TDRA governs, the Sixth Circuit misapplied the statute. Neither argument has merit, and—more to the point here—neither argument remotely warrants this Court's review. Each argument is considered in turn below.

A. The TDRA Governs This Case.

At the broadest level, petitioners contend that this case "ended after the decision of this Court in 2003," Pet. 23, so that the case was no longer "pending" when Congress enacted the TDRA in 2006, *see id.* at 14-17; *see also id.* at 15 ("[T]his case was resolved, settled, and decided [by this Court's 2003 decision]."); *id.* at 16 (asserting that "[t]he decision of the Supreme Court was final" and subject to preclusive effect). Accordingly, petitioners argue, neither Congress nor the lower courts had any authority to change the result in this case. That argument is manifestly incorrect.

In the first round of this litigation, this Court simply held that the lower courts had applied an erroneously low burden of proof under the FTDA, and that, under the proper legal standard, the evidence did not warrant summary judgment in respondents' favor. *See* 537 U.S. at 432-34. The Court had no occasion to, and did not, direct the entry of final judgment in petitioners' favor. Indeed,

any such disposition would have been inappropriate: the only issue before the Court was whether *respondents* were entitled to summary judgment, not whether *petitioners* were entitled to summary judgment. This Court's remand contemplated further proceedings under the proper legal standard, and did not finally resolve the case either way. Justice Kennedy's concurrence makes this point explicitly, noting that "the evidentiary showing required by the Court can be clarified on remand," and that "[t]he Court's opinion does not foreclose injunctive relief if respondents on remand present sufficient evidence of either blurring or tarnishment." *Id.* at 435-36 (concurring opinion).

Because no final judgment had been entered, this case remained "pending" at the time of the TDRA's enactment in 2006. As petitioners themselves recognize, it is only *after* a judicial decision has "achieved finality" that it becomes "the last word of the judicial department with regard to a particular case or controversy." Pet. 13. That straightforward point readily distinguishes this case from *Plaut v. Spendthrift Farm, Inc.*, 514 U.S. 211, 240 (1995), in which this Court held that Congress had no constitutional power to reopen *final* judgments by retroactive legislation.

Indeed, this case does not even present a retroactivity issue. As the Sixth Circuit recognized, "'When [an] intervening statute authorizes or affects the propriety of *prospective* relief, application of the new provision [to a pending case] is not retroactive.'" Pet. App. 16a (quoting *Landgraf v. USI Film Prods., Inc.*, 511 U.S. 244, 273-74 (1994)) (emphasis added); *see also Landgraf*, 511 U.S. at 293 (Scalia, J.,

concurring in judgment) ("Since the purpose of prospective relief is to affect the future rather than remedy the past, the relevant time for judging its retroactivity is the very moment at which it is ordered."). Thus, it was "unquestionably proper" for the lower courts here to apply the TDRA to assess the propriety of prospective injunctive relief. *Id.* at 273. Contrary to petitioners' argument, Pet. 19, respondents did not need to file a new claim under the TDRA; rather, the statute as amended automatically applied.

It also follows from the foregoing that the lower courts did not violate the law-of-the-case doctrine by applying the TDRA in this case. That doctrine does not apply where, as here, there is "a subsequent contrary view of the law by the controlling authority." *United States v. Moored*, 38 F.3d 1419, 1421 (6th Cir. 1994); *see also Hanover Ins. Co. v. American Eng'g Co.*, 105 F.3d 306, 312 (6th Cir. 1997). A "subsequent contrary view of the law by the controlling authority" includes new legislation amending a federal statute. *See, e.g., United States v. Rayborn*, 495 F.3d 328, 337 (6th Cir. 2007). Because respondents' claims for prospective injunctive relief are governed by the TDRA, decisions made under the FTDA are not binding. Indeed, the TDRA adopted the very standard—*likelihood* of dilution—that this Court found lacking in the FTDA. *See* 537 U.S. at 433 ("The text unambiguously requires a showing of *actual* dilution, rather than a *likelihood* of dilution.") (emphasis added).

Petitioners' assertion that "[o]n remand the Supreme Court gave no direction to retry or litigate this case over," Pet. 16, misses the point: this Court's

only directive was for the lower courts to proceed "in a manner consistent with this opinion," 537 U.S. at 434, not to enter judgment for petitioners.

B. The Sixth Circuit Properly Applied The TDRA.

Turning to the merits of the TDRA issue, petitioners allege that the Sixth Circuit erred, and created a circuit conflict, by "read[ing] into [the TDRA] a rebuttable presumption, or a strong inference, shifting to the owner of a new mark, the burden of coming forward with evidence that there is no likelihood or probability of tarnishment." Pet. 6. In particular, petitioners assert, this "subjective" approach conflicts with the "objective" approach taken by the Second, Fourth, and Seventh Circuits. Pet. 22; *see also id.* at 8 (citing *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97 (2d Cir. 2009); *AutoZone, Inc. v. Strick*, 543 F.3d 923 (7th Cir. 2008); *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4th Cir. 2007)). Once again, petitioners are mistaken.

Petitioners' argument is based on a distortion of the decision below. Contrary to petitioners' assertion, the Sixth Circuit did not hold that a rebuttable presumption or strong inference of tarnishment arises in *all* circumstances when a junior mark is associated with a famous senior mark. Rather, the court held only that such a presumption or inference arises where the junior mark itself is associated with sexually explicit products. *See* Pet. App. 5a ("We conclude that the new Act creates a kind of rebuttable presumption, or at least a very strong inference, that a new mark *used to sell sex related products* is likely to tarnish a famous mark if

there is a clear semantic association between the two.") (emphasis added); *id.* at 11a ("[A] famous mark is tarnished when its mark is semantically associated with a new mark *that is used to sell sex-related products*.") (emphasis added); *id.* at 12a ("[A] new mark *used to sell sex-related products* is likely to tarnish a famous mark if there is a clear semantic association between the two.") (emphasis added).

That approach is based on the commonsense proposition, long recognized by state dilution law, that "the creation of an 'association' between a famous mark and lewd or bawdy sexual activity disparages and defiles the famous mark and reduces the commercial value of its selling power." Pet. App. 10a. To be sure, that proposition may not hold true in every case, which is why the presumption or inference is rebuttable. But that presumption or inference suffices to establish a *prima facie* likelihood of tarnishment in this narrow context, which the owner of the junior mark may then seek to rebut. *Cf. Texas Dep't of Cmty. Affairs v. Burdine*, 450 U.S. 248, 254 n.7 (1981) ("The phrase '*prima facie* case' ... may denote the establishment of a legally mandatory, rebuttable presumption.").

Petitioners err by asserting that the decision below conflicts with decisions from the Second Circuit (*Starbucks*), Fourth Circuit (*Louis Vuitton*), and Seventh Circuit (*AutoZone*), *see* Pet. 8, because in none of those cases was the junior mark associated with sex-related products. Not only is there no conflict among the circuits, but the decision below is entirely consistent with the body of law that has evolved regarding dilution by tarnishment in the context of sexually explicit uses.

Indeed, as the Sixth Circuit pointed out (and the dissenting opinion did not contest), every federal case to have addressed the issue (either under federal or state law, or both) has concluded that "a famous mark is tarnished when its mark is semantically associated with a new mark that is used to sell sex-related products." Pet. App. 11-12a (citing *Pfizer, Inc. v. Sachs*, 652 F. Supp. 2d 512, 525 (S.D.N.Y. 2009); *Williams-Sonoma, Inc. v. Friendfinder, Inc.*, No. C 06-6572, 2007 WL 4973848 (N.D. Cal. Dec. 6, 2007); *Kraft Foods Holdings, Inc. v. Helm*, 205 F. Supp. 2d 942, 949-50 (N.D. Ill. 2002); *Victoria's Cyber Secret Ltd. P'ship v. V Secret Catalogue, Inc.*, 161 F. Supp. 2d 1339, 1355 (S.D. Fla. 2001); *Mattel, Inc. v. Internet Dimensions, Inc.*, 55 U.S.P.Q.2d 1620, 1627 (S.D.N.Y. 2000); *Polo Ralph Lauren L.P. v. Schuman*, 46 U.S.P.Q.2d 1046, 1048 (S.D. Tex. 1998); *Pillsbury Co. v. Milky Way Prods., Inc.*, 215 U.S.P.Q. 124, 135 (N.D. Ga. 1981); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 467 F. Supp. 366, 377 (S.D.N.Y. 1979)); *see also Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 507 (2d Cir. 1996) ("[A] mark is tarnished when its likeness is placed in the context of sexual activity, obscenity, or illegal activity."); *Online Partners.com Inc. v. Atlanticnet Media Corp.*, No. 98-4146, 2000 WL 101242, *9 (N.D. Cal. Jan. 20, 2000) ("Numerous courts have held that where a defendant uses a famous or well-known mark in connection with pornographic or sexually oriented products and services inconsistent with the image maintained by the trademark owner, the mark has been tarnished.").

The dissenting opinion below tried to distinguish these authorities in a footnote, asserting that "the

VICTORIA'S SECRET mark is not entirely separate from the sexual context within which the junior mark, 'Victor's Little Secret,' operates." Pet. App. 25-26a n.4 (Moore, J., dissenting). In essence, the dissent took the position (which petitioners echo here, *see* Pet. 20) that the VICTORIA'S SECRET mark is tarnishment-proof, at least insofar as anything sexual is concerned, because it "is already associated with sex," Pet. App. 25-26a n.4. But there is a world of difference between the sexy but wholesome and upscale VICTORIA'S SECRET mark, on the one hand, and the lewd and tawdry world of sex toys and pornographic videos, just as there is a world of difference between *Cosmopolitan* and *Hustler* magazines. Indeed, the millions of American women who purchase and wear Victoria's Secret lingerie, pajamas, fashion apparel and fashion accessories would be surprised and offended by equating the two. Tellingly, the dissent identified no authority to support its suggestion that a "sexy and playful" image cannot be tarnished by association with explicit or graphic sex; to the contrary, that suggestion cannot be reconciled with the existing case law cited above.

Petitioners also err by arguing that that the result in this case should be the same under the TDRA as under the FTDA, and that "[t]here is no evidence that Congress intended to overrule" this Court's prior decision in this case. Pet. 14. As noted above, the question presented in the first round of this litigation was whether an FTDA plaintiff must establish *actual* dilution or merely a *likelihood* of dilution. *See* 537 U.S. at 421-22 ("The question we granted certiorari to decide is whether objective proof of actual injury to the economic value of a famous

mark (as opposed to a presumption of harm arising from a subjective 'likelihood of dilution' standard) is a requisite for relief under the FTDA."). The Court interpreted the FTDA to require proof of actual dilution, and Congress enacted the TDRA to overturn that result. *See* Pet. App. 4a ("The new Act was expressly intended to overrule the Supreme Court interpretation of the old Act in this very same case."); *Louis Vuitton*, 507 F.3d at 264 n.2 ("Congress amended the Act principally to overrule *Moseley* and to require that only a likelihood of dilution need be proved."). The legislative history only confirms what the text of the new statute makes clear: Congress enacted the TDRA out of concern that this Court's interpretation of the FTDA "'creates an undue burden for trademark owners who contest diluting uses.'" Pet. App. 9a (quoting U.S. Code Cong. & Adm. News, 109th Cong. 2d Sess. 2006, Vol. 4, p. 1091).

The new statutory standard of "likelihood" of dilution put federal law in sync with established state law. *See, e.g.*, *Moseley*, 537 U.S. at 432. The Sixth Circuit simply followed such established law in concluding that respondents had shown a likelihood of dilution by tarnishment by showing an association between the name of petitioners' sex shop and the famous VICTORIA'S SECRET mark. *See* Pet. App. 10-12a. Petitioners tellingly fail to identify any authority that conflicts with that unremarkable conclusion. *Cf.* Pet. App. 11a ("We find no exceptions in the case law that allow such a new mark associated with sex to stand."). And certainly, this case—in which petitioners contest the applicability of the new statute—does not present an appropriate

vehicle for this Court to address that statute for the first time.

* * *

Petitioners' remaining arguments, if anything, fall even further from the mark. Petitioners complain that "both the District and Circuit Court of appeals are clearly prejudiced" against them. Pet. 22. But that complaint is baseless: disagreement with the lower courts' decisions hardly establishes "complete bias," *id.* at 17, by the various federal judges who have reviewed this case. In any event, this inherently case- and fact-specific argument does not remotely warrant this Court's review.

Similarly, petitioners argue that the name "Victor's Little Secret" is "totally different" than the famous VICTORIA'S SECRET mark. *Id.* at 21. That argument is, to put it mildly, implausible. Indeed, no judge in the lengthy history of this litigation has ever questioned that association, and even the dissenting opinion below acknowledged that "there is a *clear* semantic association between the two marks." Pet. App. 19a (Moore, J., dissenting) (emphasis added). In any event, this entirely case- and fact-specific argument does not remotely warrant this Court's review.

At bottom, petitioners have had their day in court at every level of the federal judiciary. It is time to bring this drawn-out litigation to a close.

CONCLUSION

For the foregoing reasons, this Court should deny the petition for writ of certiorari.

Respectfully submitted,

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